

Strengthening Management of Municipal Companies

Trencin, Slovakia

Background

In Slovakia semi-autonomous municipal companies provide the majority of public services at the local level, including services such as solid waste collection, street cleaning, maintenance of green spaces, and burial services. These municipal companies are established by the council, and the manager is nominated by the mayor and appointed by the council. Typically, several council committees have jurisdiction over these companies. Oversight is usually provided by two different offices under the mayor. The extent of the oversight of the companies varies greatly from town to town, but there is no effective institutional advocate for the long-term needs of the companies within the municipal structure. Very little statistical information is available to the mayor and the council concerning the costs and revenues connected with specific activities performed by such companies. Performance indicators and cost centers are not utilized. Generally, there is no central facility to monitor and respond to complaints or to evaluate performance. Monthly reports tend to be financial in nature and not programmatic. The City of Trencin (population 58,000) had three such companies, and city officials decided to consolidate two of them to improve efficiency and accountability.

Innovation

The purposes of Trencin's consolidation of two of its three municipal companies into a single new entity, the Technical Services Company (TSC), are to strengthen management procedures and council oversight, provide better information for decision-making, and put into place better management techniques and procedures. The consolidation plan calls for the creation of a single council committee to oversee and monitor the activities of the TSC. This council committee will act as a board of directors, which will meet with the company manager on a monthly basis to review performance, carry out strategic planning, develop capital budgets, and provide oversight and advocacy for the TSC. The council committee will be held accountable for the TSC's activities. The consolidation plan outlines improvements in management practices, which include setting up a centralized complaint system, introducing cost centers and performance indicators into the budgeting and management processes, preparing informative monthly reports, and updating the inventory and evaluation of the TSC's physical facilities.

Results

In July 1996, the municipality started to implement the steps outlined in the consolidation plan. The municipality consolidated two of its three semi-autonomous companies and appointed a new general manager with managerial experience to oversee operations of the newly formed company. At the same time, the municipality is considering the establishment of a single council committee to provide oversight and advocacy for the company.

Summary

To improve the management systems and oversight of its semi-autonomous municipal companies, the City of Trencin decided to consolidate two of its three municipal companies. The consolidation plan calls for improving council oversight and introducing performance-based management systems.

For more information contact:

**Peter Mertan, Deputy Mayor,
City of Trencin
Tel. 42-0831-535-047
Fax 42-0831-532-836**